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# CLAN MONOPOLY POLICY IN THE TOKUGAWA PERIOD

By YASUZO HORIE

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## 1. PREFACE

In my previous article published in Number 2, Volume XVI of this journal, entitled "The Encouragement of *Kokusan* or Native Products in the Tokugawa Period", I tried to describe the endeavours made by the Tokugawa Bakufu and the various clans, all of which had depended on land economy, in solving divergent problems ushered in by the advent of money economy which menaced their very existence. I shall go further in this article to dwell briefly on the monopoly policy which was adopted by the various clans (*hans*).

The commodities which were handled in this policy was the *Kokusan* produced by the various clans which for convenience sake I shall hereafter call by the term "domain produce". Domain produce was marked by a high degree of variety and included such clothing materials as cotton fabrics and raw silk as well as such foods and articles of taste as rice, salt, sugar, orange, and tobacco, and many other such necessities of daily life as paper, wax, grass mat, umbrellas, indigo ball, building stone, medicinal ginseng, etc. However, monopoly was not limited to domain produce. Some clans monopolized the distribution of imported salt among the clan people.

It is usual in the present-day state monopoly that the sales sphere of monopolized commodities is limited to within the domestic boundary. In the clan monopoly of the Tokugawa Period also this was true and some clans monopolized the distribution of salt, wax and other goods over the clan

domain. In many cases, however, distribution within the clans was entrusted to either producers or merchants, while export outside the clan domains was carried on by the clans themselves. Some clans monopolized both domain distribution and exportation of the same commodities. I shall presently dwell on the significance of the clan monopoly in various forms in all of which the direct object of monopoly was to secure financial revenue for the clans.

No explanation, perhaps, will be necessary regarding the financial impoverishment of the clans, but mention may be made of the fact that their exaction consisted in principle solely in the land tax and no thought was ever given to making the merchants share in the clan's financial burden through the payment of such taxes as those imposed on income or business profit. In consequence, the clans tried to undertake monopolistic activities by means of their political power, in order to gain commercial profit. Moreover, the heaviest financial burden of the clan was incurred in connection with the execution of obligation in the system of *Sankinkotai*, or periodical visits to Edo made by the various clans by way of doing homage to the Shogun. These expenses had to be paid outside the clans in cash money which they had no right to coin or issue themselves. It was mainly because of these expenses that the clans had to secure financial aid from wealthy merchants in such cities as Osaka, Edo and Kyoto, and cash money was needed also in order to redeem their debts. The above-mentioned export monopoly of domain produce was intended to secure cash money.

There are two reasons why the clans were able to carry on monopoly in the form of export outside the clan domains. In the first place, big cities like Edo and Osaka were under the direct jurisdiction of the Bakufu and were free markets. Secondly, with these cities as the centres, nation-wide circulation of commodities had made development, and the territorial economy of each clan had been weaved into nation-wide economy. The fact that the clans could execute the mo-

monopoly policy indicated that the territorial economies of the clans were independent from one another and that the positions of the *daimyos* as the administrators of the monopoly policy were firmly established.

Why was it, then, that the Bakufu which like the various clans was confronted by financial difficulty did not adopt the same policy? This was because the Bakufu was the controller of nation-wide economy and was no longer the subject of territorial economy. True, the Shogun was merely a big *daimyo* when viewed from the relations of territorial dominion, but his territory or *tenryo* included such large cities as Edo, Osaka and Kyoto, all of which were the principal places of commercial concentration and distribution in addition to their being large areas of consumption; and thus formed the centres of nation-wide economy. Moreover, whereas the territories of the clans were concentrated in single places, the *tenryo* was scattered over the whole country, and therefore could not form a territorial economy. Thus, for the Bakufu, the consolidation of territorial economy had no meaning. The same circumstance will explain the fact that, whereas the clans' policy of encouraging the production of domain produce was carried on from the standpoint of territorial economy, that of the Bakufu was carried on from the standpoint of nation-wide economy.

Of about 260 clans of the Tokugawa Period, those which carried on monopoly policy, so far as I know, numbered more than sixty. It is impossible to take up and explain each of these clans and I must be contented with taking up several examples of these in order to describe the general aspect of this policy and its historical significance.

## 2. RISE OF THE POLICY

Although the monopoly policy of the clans was adopted chiefly from a financial necessity, it is necessary to examine the special circumstances that brought about its adoption.

The foremost circumstance was that the clans were

primarily the sellers of commodities, which they neither produced nor bought for the purpose of resale, but which they received as a tax. The major portion of the tax was paid in kind, and after setting aside a part for the direct consumption of the clans, the remainder had to be sold in order to gain cash currency which was used for the various expenses of the clans.

The principal product which was turned into a commodity in the above method was rice. But the *daimyo* received products other than rice from the land which was not suited for the production of this cereal, to be sold subsequently. For instance, in the Aizu clan, a part of the tax was paid in wax, while in the Yamaguchi clan, paper was similarly used, to be sold afterwards. At any rate, it is worthy of note that the *daimyos* were merchants in a sense. An example of how this developed into a monopoly is given by the example of the Sendai clan which bought *sakutokumai* (or the rice possessed by the farmers after the payment in kind as tax had been made) for monopolistic export to Edo. The same may be said of the wax monopoly of the Aizu clan and the paper monopoly of the Yamaguchi clan.

That which played an important part in the sale of rice and other products which were turned in as taxes to the *daimyos* was the *kurayashiki* (warehouse quarters) established in Osaka, Edo, Kyoto and other big cities. The products handled at the *kurayashiki* were known by the name of *kuramono* (蔵物—warehouse goods) and rice so stored was called *kuramai* (蔵米—warehouse rice). At first, those products which were recognized as *kuramono* by the Bakufu were limited to those which were turned in as taxes, but as time passed their kinds increased in number and their character also changed. The *daimyo*, who made a profit in the sale of products turned in as taxes, now tried to sell the goods which they bought from their people under the name of *kuramono*. This indicates the process of transition which the *daimyo* underwent from the status of merchants in the above-described sense to that of merchants in the modern

sense. It was easy to see that the application of political power would make monopoly policy only a matter of course.

The second circumstance was the policy of encouraging domain production. As has been observed, the direct object of this policy was, on one hand, to prevent as far as possible the importation of goods from outside the clan and in consequence to check the outflow of currency; and, on the other hand, to export as far as possible the goods produced within the clan domain and thereby to acquire currency. This policy was anticipated desirable effects on both the wealth of the people and the revenue of the clans. And in order to assure this desired effect on the revenue of the clans, it was the shortest cut to participate in the sale of domain produce. Thus, this policy developed into the monopolistic policy of domain produce. Although in some clans like the Tottori clan, the policy of encouraging domain production developed into a policy of monopoly in the distribution of domain produce within the clan area; in the majority of clans, the form of the monopoly of export was adopted. This corresponds with the fact that the policy of encouraging domain production stressed on export outside the clan domain.

Thus, the policy of encouraging domain production included in its objects factors which promised development into a monopoly of domain produce, but the method of the policy also contained similar factors. In the first place, the producers, who were the object of this policy, were in many cases farmers. Being ignorant of market conditions, it would have been both inconvenient and risky for the farmers to sell their products at will. Thus, it was necessary for the *daimyos*, who were the administrators of this policy, to take over the products and sell them as they saw fit. Secondly, it was both just and appropriate for the clans that they tried to recover the capital invested in various forms in the course of encouraging domain production. The second point should be held in special importance, for in later periods there were many clans which encouraged domain production with a

view to adopting a monopoly of domain produce.

The third circumstance was the rise of the merchant. Their rise during the Tokugawa Period was seen in both local and central districts. In local districts, merchants became wealthy either as wholesalers or financiers, the more powerful ones participating as "favourite merchants" in the financial affairs of the clans. However, their activities were restricted to the sphere of territorial economy, and they had to consolidate their relations with the *daimyos*, if they wished to expand their enterprises. This was because the *daimyos* had already made advancement in the central markets by means of the *kurayashiki*, and domain produce had attained its reputation in the name of the *daimyo* under whom it was produced. On the other hand, it was both convenient and necessary for the *daimyos* to utilize merchants or cooperate with them in gathering domain produce and in other business activities. For the merchants were already experienced in commercial transactions and were also indispensable beings as money-lenders. Naturally, in many cases merchants were employed as the actual executors of the clan monopoly policy. Nay, in some cases the merchants proved to be the absolute controller of this policy.

When the monopoly of domain produce took the form of export outside the clan domain, the part played by the merchants in central cities was so great as to require our special attention. The powerful merchants in such cities had close relations with the *daimyos* both as the officials of the *kurayashiki* and the creditors of the *daimyos*. The instances are not scarce of the development of this relation into the merchants' taking over sole agency in the sale of monopoly products or into their accommodating capital needed for the execution of the monopoly policy.

Thus, monopoly policy may be regarded as an outcome of the cooperation between the *daimyos* and the merchants. The fact that merchants secured big commercial profits through manipulation between producers and consumers might have appeared envious to the *daimyos*, who thus



attempted themselves to secure similar profits by the same method in cooperation with the merchants. However, there were some clans which excluded merchants in carrying out this policy of monopoly. The Aizu clan excluded the wholesale merchants in carrying out its monopolistic distribution of imported salt within the domain; while the Wakayama clan similarly excluded the wholesale dealers of Edo when it monopolistically exported mandarin oranges to that city. These are notable examples. Such attempts invariably failed, thereby indicating the importance of the merchants in this policy of monopoly.

### 3. HOW CLANS ACQUIRED PRODUCTS FOR MONOPOLY

Needless to say; in order to monopolize the sale of a given product, it is necessary to acquire that product by monopolistic means. As the production of various articles was largely in the stage of the handicraft industry during the Tokugawa Period, the usual way of securing commodities for monopoly was to buy them from their producers. Even in this case there were some degrees of difference between two sets of relations, direct and indirect, with the producers. There are a few instances in which the clans themselves produced the articles of monopoly.

(1) Indirect purchase monopoly. A notable example of this form of monopoly may be seen in the case of the Kanō clan's monopoly of umbrellas. This clan began the export monopoly of the umbrella which was one of its principal products, in the first year of the Man-en era (1860), and established as the organ of the monopoly *sanbutsu kaisho* (産物會所—products board). While the export of umbrellas had been carried on by the wholesale dealers, after this year it came to be undertaken exclusively by this board. The details of this monopoly may be explained as follows. The board bought umbrellas from the wholesale dealers to whom partial payment was made in advance in currency and clan

notes in equal amounts, the remainder being paid after the export sale was completed. The wholesale dealers were required to turn in a certain amount of money called *myogakin* (買加金—a sort of monetary contribution) to the clan as interest for the advance payment for umbrellas. In order to prevent the shifting of the burden of *myogakin* on to the producers, the wholesale dealers were forbidden by the clan to unduly reduce the purchase price of umbrellas. The board, in short, was a wholesaler or broker over and above the merchant whole salers, and secured brokerage commissions. Now, there is much importance in the system of granting loans to the wholesalers in the form of partial advance payment in clan notes for the products—which importance I shall explain in more detail later.

A similar instance was seen in the raw silk monopoly of the Gujō clan, but what was a more interesting example was the cotton textile monopoly of the Himeji clan which in the fourth year of the Bunsei era (1821) began an export monopoly of cotton textiles, the destination of which was restricted to Edo. This clan also established an organ of export monopoly called *kokusan kaisho* (國產會所), or domain produce board. Under this system, the merchant wholesalers purchased cotton textiles from the farmers for direct shipment to the board's forwarding agency at the port of Shikama for export, where the wholesalers were given the export bills of lading. Upon presentation of the bills to the board, the wholesalers were paid from seventy to eighty per cent of the cotton taxtiles sold, in clan notes. Next, the cotton textiles shipped to Edo were sold there and elsewhere by the cotton textile wholesalers appointed by the clan, and the payment was made in currency to the Lord of the Himeji clan at his residence in Edo. Lastly, when the payment at Edo was thus finished, the wholesalers of the Himeji clan were given the remainder of the payment by the clan, thus the whole transaction being terminated. It will be noted that the *kokusan kaisho* was not so much a wholesaler over and above the merchant wholesalers, as it was an organ of

exchange finance. Its real object was not to acquire fees for discounting export bills of lading or to secure brokerage commissions, but to buy cotton textiles in clan notes and sell them in cash currency.

One of the points common to all examples given above is that the clans never enforced any coercive prices against producers in purchasing the articles of monopoly. Of course, in sale also the clans were unable to dictate monopolistic prices, because their markets included territories which lay out of their political power. At any rate, there was a sufficient amount of monopoly profits promised to them: namely, the monopoly of brokerage commissions or the acquisition of cash currency by means of clan notes.

(2) Direct purchase monopoly. Many clans having a system of monopoly often resorted to direct method in purchasing products for their monopolistic transactions; that is, they bought direct from the producers. In such a case, the clans purchased in monopoly prices; and in deciding such prices, some took into consideration the quotations of central markets, but others failed to do so. For instance, the Wuwajima clan, which opened a sales monopoly of paper during the Bunkwa era (1804-1817), based its purchasing price on the sales price of the Osaka market during the August-November period of a given year, and enforced it from November to October of the following year. Regardless of whether the products of monopoly were sold in the central markets or in clan domain, there were instances in which the decision of the purchasing price was made at the arbitrary will of the clans. For example, in the case of the salt monopoly of the Sendai clan, salt farms were classified into three grades, upper, middle and lower, and the amount of purchase was fixed for each of them. The amount thus fixed was called *honnō* (本納) or chief purchase and was bought at a definite rate of price, the rest or the surplus produce being somewhat lower in scale. An extreme example is furnished by the sugar monopoly of the Kagoshima clan. Sugar in this clan was produced in the three islands of

Oshima, Tokunoshima and Kikaigashima. When purchasing sugar in these islands, the clan suspended the circulation of currency and bought sugar in barter with articles of daily necessity. An examination of the prices of these articles which were exchanged with a definite amount of sugar has shown that the prices were fixed exorbitantly low in value.

As has been shown above, the producers were forced to sell at monopoly prices in favour of the buyers and thereby their margin of profits was restricted to that extent, but what doubled their disadvantage was the monopoly of raw material. For instance, the Iwakuni, Wuwajima, Ōzu and Kōchi clans monopolized the *kozō* (paper mulberry) which is raw material for paper, while the Yamaguchi clan monopolized *haze* seeds (wax-tree seeds) which is raw material for wax and which was supplied to the manufacturers at definite prices. Under such circumstances, the manufacturers amounted to wage-workers. There are many instances of such wage-workers both in name and reality. For instance, in the monopoly of bleached wax of the Tottori clan, wax bleachers were given 100 *kin* of raw wax as wage for every 1,000 *kin* of raw wax bleached. Both the wax bleachers of the Wuwajima and Yamaguchi clans in their wax monopolies and the paper manufacturers of the Obi clan were alike wage-workers.

We have seen above that when a clan directly bought from the producers the commodities of its monopoly, there was greater room for the exercise of its power of control than when it made an indirect purchase. In the first place, the clan could force the producers to sell at arbitrary prices. Secondly, the clan could put the producers in fetters by giving them advance loans for the capital of production. All this was further aggravated by the monopoly of raw material, as a result of which the producers lost their status of independence and were reduced to that of wage-workers. By such means did the clans, in the capacity of monopolistic commercial capitalists, deal with the producers, anticipating to gain a big commercial profit in the process of acquiring

the commodities of their monopolies. On the other hand, there were instances in which this monopoly system unnecessarily placed the producers in an economic difficulty, or caused them to commit the crime of illicit sale; and in the end productive power was reduced and the financial efficacy of the monopoly policy failed to last long.

(3) Production monopoly. Examples of production monopoly are seen in the wax monopoly of the Yamaguchi clan after the Ansei era (1854-1859) and in the paper monopoly of the Sadowara clan. The scales of production in these monopolies are not definitely known, but it may be supposed that the producers were not very much different from those manufacturers who were virtually wage-workers. However, in the case of the ginseng monopoly of the Matsue clan, the scale of its production was considerably large. The production consisted in manufacturing medicinal ginseng from raw ginseng which was cultivated in fields owned both by the clan and private persons. The manufacturing which was based on a division of labour, was carried on by about 300 technicians and workers during the closing years of the Tokugawa Period.

Needless to state, where production was monopolized profit-making therein was anticipated, and there was no necessity of causing economic hardships to the producers. However, there was always room for trouble, inasmuch as there was necessity of buying raw material in monopoly prices.

#### 4. MARKETS FOR MONOPOLY COMMODITIES

We have already noted the various forms of monopoly as practiced by the clans during the Tokugawa Period, such as the monopoly of domain distribution of some commodities; export monopoly outside the clan domain; and the monopoly both of domain distribution and of export of the same commodities. I shall take up each of these forms in order to explain it in detail.

(1) Domain distribution monopoly. The exclusive domain distribution monopoly of some commodity was carried on in the wax monopoly of the Tottori clan, in the indigo monopoly of the Yamaguchi clan, in the rice monopoly of the Akita clan, and in the salt monopolies of the Sendai, Morioka, Kanazawa and some other clans. Of these, we have knowledge as to how distribution was carried on in the case of the salt monopoly of the Sendai and Kanazawa clans. I shall here explain only the case of the former clan.

We have already dwelt on the method of purchasing salt by the Sendai clan. The method of distribution of the salt thus purchased was the following: the clan firstly gave out salt to the salt manufacturers at the rate of one *to* (1 *to* = 1.985 pks.) a person per year and secondry sold to the other people in the domain at the rate of one *to* and four *sho* (1 *sho* =  $\frac{1}{10}$  *to*) per person above the age of fourteen per year. There were also wholesale brokers who were allowed to sell salt at retail prices which were fixed by taking into consideration transportation and other necessary expenses and which included the margin of profit. The sale made to the general people and the wholesale brokers by the clan took place at the rate of one "*bu*" (1 *bu* =  $\frac{1}{4}$  ryo 兩) of gold for every five *to* of salt. Since the clan bought salt from the salt manufacturers at the rate of one *bu* of gold for every ten or fifteen *to* of salt, the sale price was twice or three times of the purchase price.

As in the domain distribution monopoly the commodity was sold to the consumers at monopoly prices, the clan made enormous profits thereby. Of course, this form of monopoly had as one of its objects the maintenance of self-sufficient supply. In other words, the monopoly contained the desire of the clan to maintain the independence of its domain economy by checking importation of some goods from outside, even if it had to make the people buy them at somewhat high prices. However, the principal object of the monopoly was to gain monopoly profits. This is further

endorsed by the examples in which some clans producing a negligible amount or no amount at all of salt monopolized the domain distribution of its imported salt. Such examples were furnished by the salt monopolies of the Aizu and the Wakayama clans. The Aizu clan abolished the former system of free distribution by wholesale brokers and adopted a domain distribution monopoly, which, however, failed to operate smoothly, and was finally replaced in a few years by the old system of free distribution.

(2) Export monopoly outside the clan domain. Numerous are the examples of the clans' monopolies of export outside the clan domain, while entrusting the domain distribution of the same commodities to either the producers or the merchants. In addition to the cotton textile monopoly of the Himeji clan and the umbrella monopoly of the Kanō clan both of which have been already described, we may mention the following: building stone monopoly of the Himeji clan, cotton textile monopoly of the Nagoya clan, sugar monopoly of the Takamatsu clan, grass mat monopoly of the Funai clan, raw cotton monopoly of the Kameoka clan, indigo ball monopoly of the Tokushima clan, rice monopoly of the Sendai clan, raw silk monopoly of the Gujō clan, paper monopoly of the Kōchi clan, and wax monopoly of the Yamaguchi clan.

Of these, in the case of the rice monopoly of the Sendai clan, the rice held by the farmers after the tax in kind had been paid known as *sakutokumai*, was the commodity which was monopolistically exported by the clan. This clan annually provided a certain amount of money to be given to the farmers as advance payment for rice which was shipped to Edo for sale. Other clans did not prescribe the amount of purchase; they usually would buy the surplus produce over the domain consumption. Some of these clans did not participate in the transactions directly, expecting the same result from the monopoly of the export exchange finance, such notable examples being provided by the Himeji clan which monopolized the export of cotton textile and by the

Nagoya clan which also monopolized the export of the same commodity.

The destinations of the commodities of export monopolies were cities such as Osaka, Edo, and Kyoto, all of which were the markets of nation-wide concentration and distribution of commodities, or the areas of large consumption. Since different clans from all over the country sent the same commodities to these central markets, they were generally not in a position to sell them at monopoly prices. How then did they secure monopoly profits? One method was to buy as cheaply as possible. Thus, as the competition among the clans in the central markets became unbearably keen, they were constrained to enforce exorbitantly low prices in purchasing from the producers in their own clan areas. The second method was to buy the commodities of monopoly with clan notes and to sell them for cash currency. As has been already explained at the outset, the greatest financial burden of the clans was those expenses which had to be paid by them in cash currency which they had no right either to coin or issue themselves. For this reason, in monopolizing the export of domain produce, if the clans could buy them in their own clan notes and sell afterwards for cash money, they had a good reason to be satisfied. And, it was precisely because of this that clans such as the Himeji and Nagoya clans were successful in getting a sufficient supply of revenue by monopolizing the export exchange finance, without directly participating in the transactions.

When a clan monopolized only the export of domain produce, their domestic distribution was entrusted to the free transactions of either the producers or the merchants. However, they were subject to limitations, for had they enjoyed an absolute freedom in their transactions, the clan might not be able to secure the sufficient amount for its export monopoly. To be more precise, the producers disliked to sell to the clan at monopoly prices, and they were inclined to smuggle out the products to sell them at more profitable rates. Thus, the clans were constrained to adopt measures



to prevent such smuggling. Criminals were severely dealt with, while those who told the authorities the whereabouts of smugglers were given rewards. However, the more effective way was to put the producers in the fetters of forced loans in the form of advance payments; even those well-to-do producers who had no need of any loans had to take them. This system was very effective in checking smuggling and at the same time tended to increase the amount of purchases for the clan.

Furthermore, some clans restricted the amount of domain consumption in order to assure the amount for export outside the clan domain. In the case of the Yamaguchi clan, wax for export purposes and for the use of the clan was manufactured at the clan factory, while that for the domain consumption was manufactured by private handicraftsmen, who were subject to rigorous restrictions in respects to the number, manufacturing equipment, and the amount of raw material used. The same method was employed by the Kochi clan regarding the manufacture of paper. Under such a system, domain distribution was free only in form and in substance it amounted to a monopoly.

(3) Monopoly both of domain distribution and of export. The examples of monopoly both of domain distribution and export outside the clan domain were seen in the case of the paper monopoly of the Yamaguchi, Wuwajima, Kōchi, Ōzu, Obi, Tsuwano and other clans, in the wax monopoly of the Kumamoto clan, and in the ginseng monopoly of the Matsue clan. As has been previously set forth, when a clan monopolized the raw material of a commodity or reduced the manufacturers of such a commodity to the status of wage-workers, the sale of such a commodity, both domain distribution and export, could justly be regarded as a clan monopoly.

Under such circumstances, the significance of export monopoly outside the clan domain is the same as given above, but that of domain distribution monopoly will be somewhat different from that of domain distribution monopoly alone.

For it may be considered as the case of the highest control on the free domain distribution. As an example I shall explain the method of distribution of paper among the clan people of the Ōzu clan. The clan sold paper to the people of the domain through retail shops established in various parts of the territory. The amount of annual sale for each retail shop was fixed, while the sale in large quantity to those other than the *samurai* and temples were forbidden. The object of this measure was to restrict the domain supply in order to secure the sufficient amount for export and at the same time to prevent smuggling. This single example will be sufficient to clarify the fact that the domain distribution monopoly, when carried on simultaneously with the export monopoly, was intended not only to secure the amount of export but also to increase its quantity as well.

## 5. MONOPOLY POLICY AND CLAN NOTES

During the Tokugawa Period, all clans issued notes in order to compensate the insufficient currency or to relieve their finances. In order to encourage their smooth circulation, most clans let the favourite merchants handle the business of issuing and converting notes; while allowed the people to pay taxes with the clan notes, and resorted to many other measures for the same purpose. There were three main ways of sending clan notes into the world of monetary circulation. The first method was the forcible exchange with legal tender; the second method was to advance loans; and the third method was to use them in buying things. Here we deal with the second and third methods.

In my previous article, I dwelt on the fact that the clans utilized their own notes as funds for encouraging domain production. Now, the same circumstance prevailed even after that policy of encouraging domain production had developed into monopoly policy. In other words, nearly all clans used clan notes in making loans as well as in the payment for purchases. This was only too natural because

nearly all clans had issued notes. Now, whereas the clan notes had the power of circulation only within the domain of the clan which issued them, legal tender enjoyed the undisputed power of circulation throughout the whole country. When this fact is considered, it would be easy to understand the significance of the clans' practice of advancing forced loans and of paying for purchases in clan notes, in their export monopoly, so as to secure products for their domain and export outside the clan area.

All this was consciously known to the clan administrators. For example, the *kokusan kaisho* of the Himeji clan was also known by the name of *tegata kaisho* (手形會所) or the notes-issuing board; and this board was the organ for cotton textile monopoly as well as of issuing clan notes. The same may be said of the Kanō clan's *sanbutsu kaisho* or the products board. The Gujō clan's organ of monopoly was known as *tegata kaisho*. There are many other instances in which the organs of monopoly were the organs of issuing notes at the same time. In most of these instances, monopoly and note-issuing were commenced at the same time. Even where the two activities were not embodied in one organ, there was close mutual relationship between them.

True, the clan notes of those days were not like the paper money of the present, and rather possessed the nature of promissory notes both in form and substance. Conversely, it may be said that some of the so-called clan notes were, in reality, promissory notes circulating like paper currency. The clan notes used in the monopolies of the Himeji and the Kanō clans as described above were of such nature.

Even disregarding such a special nature of the clan notes, their utilization in making advance payment for monopoly products should not be taken as merely a matter of financing or commercial transaction; it was, in reality, the creation of currency, or even of capital. In consequence, the clan notes thus issued won incomparable credit among the people. For this reason, some clans made attempts to secure public credit for their notes by means of monopoly

policy.

## 6. THE POSITIONS OF PRODUCERS AND OF MERCHANTS

What has been given above may be sufficient to indicate roughly the positions which the producers and merchants occupied under the system of clan monopoly, but a more detailed explanation may be of some interest.

To begin with, the producers, whether they were farmers or handicraftsmen, were alike subject to the control of commercial capital. Since the manufacturing of the time was under the small-scale handicraft management, whether it was a special occupation or a side-job for the farmers, it was only too natural that it should come under the control of commercial capital. Since the commercial capital of the clans was monopolistic, its power of control was so much greater. Under this capital, producers were forced to sell their products at monopolistic prices; were placed in fetters by a system of advance payments for their products; and were deprived of the free purchase of raw material; the upshot of all this being that they were actually reduced to wage-workers. We have already noted that in some cases the farmers were wage-workers in both name and substance.

Thus, the farmers had to sell their products in secrecy if they wished to sell them at advantageous prices. But secret sale was illicit sale and was subject to heavy penalties. In the case of the Wuwajima clan, light offences were fined, while heavy ones were punished by the confiscation of the manufacturing equipment of the offenders. In some cases, labour service was required in lieu of fines.

Finding such fetters unbearable, farmers staged riots in some clans. But the circumstances were quite different for the farmers in the clans which followed the example set by the Himeji clan in its monopoly of cotton textiles. As explained above, this clan did not directly participate in the transactions of cotton textiles, and accordingly did not enforce

monopoly prices for the purchase. Under such circumstances, the producers secured large profits by expanding the markets for their products and the industry itself enjoyed prosperity. Similar conditions prevailed even where a clan directly participated in its monopoly transaction, provided its purchasing prices were reasonable.

Let us now turn to the position of the merchants. As was stated in the outset of this article, one of the important factors for the rise of the monopoly policy was the rise of merchants in the feudal society. Thus, the merchants in the central markets, and for that matter, those in clan domains, too, were not excluded from the execution of monopoly policy. True, some of the clans which were more eager to gain commercial profits by monopoly means, tried to exclude wholesale traders from the operation of monopoly transactions, but such attempts invariably failed and were of a brief duration. Even when wholesale merchants were excluded, the clans could not exclude those rich merchants who had been in special services to the *daimyos*. This was because it was impossible to carry on monopoly policy only by clan officials who were not accustomed to the intricacies of money economy.

A close observation will reveal that the actual task of monopoly policy was undertaken by wealthy people in the clan. This becomes clear when the constitution of the organs of monopoly is examined. Especially, such boards as *sanbutsu kaisho* and *kokusan kaisho*, both of which were organs of monopoly, were constituted by wealthy commoners, the clans usually being only their supervisors. A notable example of this state of affairs may be seen in the case of the powder *konnyaku* (the devil's tongue) monopoly of the Mito clan, in which the monopoly was carried on in the name of the clan by its wealthy merchants. At any rate, it may be said that monopoly policy in all clans was carried on through cooperation between the clans and their wealthy traders. The policy may indeed be taken as a manifestation of their mutual relations and of their desire to utilize each

other. The same may be said of the relations between the merchants of the central markets and the clans.

Though, one should not pass unnoticed the fact that the merchants lost their progressive spirit because they were accustomed to the cooperation with the political power of the clans.

## 7. CONCLUDING REMARKS

As the clan monopoly policy had been widely carried on and had its concomitant problems such as the oppression of the producers, the economists of the time discussed the justification of the policy in its various aspects. Their discussions could be roughly grouped into two divisions, those who justified its existence and those who criticized it. The arguments of its critics may be summarized as follows: the *daimyo* being the father of all people within the clan domain should not be in the same line with merchants and attempt to pursue in the profit-making of commercial transactions. These critics stressed on the idealism of kingly acts taught by Confucianism, and urged the exercise of thrift as the measure of financial relief and the levy of taxes for the merchants. They were represented by such scholars as Shōji Kōki and Miura Baien.

Against such criticism, the affirmative arguments recognized monopoly policy as effective both as a financial policy and as an industrial measure, and justified the commercial acts of the *daimyos*. The affirmative camp was represented by such scholars as Dazai Shundai, Kaiho Seiryō and Hayashi Shihei. Of these exponents, Dazai Shundai admitted that commercial activity was not a just way for the *daimyo* but at the same time contended that it was a necessary and expedient measure under the circumstances. Kaiho Seiryō went somewhat further in support of the *daimyo's* commercial activity. Predicating his argument on the known fact that the *daimyos* had been the sellers of *nengumai* (年貢米), or the rice turned in as a tax, he declared that they in a sense

were merchants and that for this reason it was not a shameful act for them to gain commercial profits in line with merchants.

Without regards to these arguments pro and con, the number of clans engaged in commercial activities increased as time passed. Let us examine, then, the historical significance of this monopoly policy.

The first point that challenges our attention is the fact that the *daimyos* turned into merchants. As has been stated, the *daimyos* in a sense were merchants from the first, but since they came to carry on monopoly policy, they became monopolistic commercial capitalists.

The second point is that this policy did not exclude wealthy merchants but on the contrary it was carried on with their cooperation. Generally speaking, wealth-making in the Tokugawa Period by the merchants was made through their dependence on the Bakufu or the *daimyos*—a fact which is most clearly shown in this monopoly policy.

The third notable point is that this policy exercised its power in weaving territorial economy into nation-wide economy. Of course, this was the case only when monopoly policy was carried on in the form of export monopoly outside the clan domain. While all the clans endeavoured to maintain self-sufficient economy on their own domain as far as possible, they had to direct efforts to export their domain produce in order to gain specie currency which was circulated nation-wide. It was because the nation-wide circulation of merchandise had already made its development that the clans could export their domain produce; the fact remains, however, that this nation-wide circulation of goods, in turn, made a further development as a result of the export of domain produce by the *daimyos*.

Fourthly, and relating to the first point, monopoly policy indicates the fact that the *daimyos* endeavoured to shift from land economy to money economy as the basis of their existence.

Lastly, the *daimyos* could attain a financial efficacy by

means of this policy. But since their mutual competition in the domestic markets took place within closed doors, i. e., under the policy of national exclusion, there were natural limitations to their activities. For this reason, if the *daimyos* attempted to assure monopoly profits for a long period of time, they had to unjustly oppress the producers. This oppression together with the practice of forced loans and other measures caused the producers to lose progressive spirit. The same may be said of the merchants who depended on the *daimyos* in gaining monopoly profits. Moreover, the shifting from land economy to money economy was by no means complete, the important basis for the *daimyos'* existence still being land economy.

Thus, the clan monopoly policy had the earmarks of feudalism in its many aspects. At the same time one may find a specific feature in the development of commercial capitalism in our country. This peculiarity exercised a profound influence on the rise of industrial capitalism after the Imperial Restoration of the Meiji Era.